

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of)	
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
Comment on Review of Lifeline and Link-Up)	
Service for All Low-Income Consumers)	

**REPLY COMMENTS OF THE COLORADO DEPARTMENT OF HUMAN
SERVICES, OFFICE OF SELF-SUFFICIENCY, AND THE COLORADO
OFFICE OF CONSUMER COUNSEL**

The Colorado Department of Human Services (“DHS”), Office of Self-Sufficiency, and the Colorado Office of Consumer Counsel (“OCC”) hereby submit their joint reply comments (“DHS/OCC”) on the Lifeline and Link-up federal low-income telephone assistance programs to the Federal-State Joint Board on Universal Service (“Joint Board”).¹

The comments filed in this docket exhibited nearly unanimous support for the Lifeline and Link-up programs. Only Verizon questioned whether these federal assistance programs alone have actually increased telephone subscribership among low-income consumers. (Verizon at 1, 2) But even Verizon acknowledged that these programs have been an “effective part of successful federal and state efforts to increase telephone subscribership among low-income individuals and households.” (Verizon at 1)

Clearly, the Lifeline and Link-up programs constitute one of a variety of factors that have affected telephone subscribership among low-income consumers, including the price of basic phone service, deposit and disconnection policies, other assistance programs, the state of the economy, and others. What is unique to Lifeline and Link-up is that they are targeted to reducing the price of basic phone service to a specific

¹ The Colorado Department of Human Services, Office of Self-Sufficiency administers the Lifeline and Link-up telephone access programs. The Office of Consumer Counsel is the state agency that represents and advocates for residential, small business, and agricultural utility consumers before the Colorado Public Utilities Commission (“PUC”), federal agencies including the Federal Communications Commission (“FCC”), and in the courts.

population. Low-income consumers who avail themselves of these two programs are able to afford phone service when they would otherwise not be able to. Currently, over 6 million customers receive discounted phone service through the Lifeline program (NASUCA at 4). With some modifications that DHS/OCC have previously recommended and reiterate in these reply comments, many more consumers could benefit from telephone assistance.

Only about 15% of the 45 million low-income households in the U.S. are receiving Lifeline assistance (NASUCA at 4-5). In Colorado, only 10 percent of low-income consumers, defined as at 150 percent or below of the federal poverty level, are receiving Lifeline assistance. DHS/OCC believe this gap between those needing and those receiving assistance is due in large part to overly restrictive eligibility requirements, application or enrollment issues, deposit and disconnect policies, and insufficient outreach.

I. ELIGIBILITY REQUIREMENTS

The DHS/OCC urge the Joint Board to adopt minimum federal eligibility requirements, with income level as an independent criterion, for that portion of the discount that is federally supported. States that provide additional support can adopt either more or less restrictive eligibility standards for the state funded portion of the discount. For states like Colorado where the number of households actually qualified for Lifeline assistance is but a fraction of those in need, minimum federal eligibility requirements are a necessity for increasing Lifeline subscribership. Right now, Colorado assists only the elderly and disabled who qualify for certain state programs. Hundreds of thousands of other Coloradans living in poverty are not even eligible for Lifeline under state law.

Lifeline and Link-up are federal programs. A minimum income-level criterion would help eliminate the disparities among state programs. This is a mobile society. Colorado, as a high growth state, welcomes many new residents. DHS/OCC receive calls and complaints from low-income consumers who have moved here and find they are not eligible for Lifeline and Link-up even though they were in California or Minnesota or Texas. States should enjoy some autonomy in administering the programs, particularly

for the state supported portion. States should adapt Lifeline to their citizens' needs in an attempt to better the program and expand its scope, not limit it.

An income-based eligibility requirement, independent of participation in any particular assistance program, is necessary due to the impact of welfare reform. Welfare reform has resulted in a dramatic decline in enrollment in federal programs. Since 1996, families have found it increasingly difficult to receive public assistance through major government programs due to tightened eligibility requirements. For example, the comments of the United States Catholic Bishops ("USCCB *et al*") describe the recent decline in the federal Food Stamps program participation and its subsequent impact on Lifeline participation (USCCB *et al* at 6). NASUCA confirms this trend, reporting that between 1994 and 1998 the percent of poor children receiving food stamps dropped from 88% to 72% (NASUCA at 7).

One consequence of welfare reform has been to reduce the number of families eligible for assistance despite continued poverty. Lifeline should be targeting those working families that are exiting welfare programs, not dropping them from their eligibility lists. NASUCA writes, "A 2001 Urban Institute study found that the typical wage of parents leaving welfare for work was \$7.15 an hour. At that wage level, many families with a working parent would remain poor." (NASUCA at 8). The working poor need affordable telephone service as a hand up from poverty. An income-level criterion would ensure that poor families receive Lifeline assistance despite their current eligibility status with other federal or state assistance programs.

In the comments of USCCB *et al*, Vermont, Michigan, Tennessee, Texas, and California are cited as examples of states that have successfully implemented income-level criteria. These states saw up to 30% increases in participation in the first year or two (USCCB *et al* at 8-12) after instituting this change. DHS/OCC believe the Joint Board can significantly impact telephone penetration levels and Lifeline subscribership by adopting an independent, minimum income-level eligibility standard.

II. AUTOMATIC ENROLLMENT

Automatic enrollment was supported by commenters representing state commissions as well as consumer and low-income advocates. Automatic enrollment is

the most efficient and practical way to increase participation among those low-income consumers already participating in other federal or state assistance programs. Some commenters have argued that automatic enrollment raises serious privacy issues and may not be wanted by eligible poor families. Providing a benefit to consumers and permitting them to decline Lifeline participation address those problems. While there will be administrative hurdles to overcome to implement automatic enrollment, the benefits in increased telephone subscribership outweigh these difficulties.

USCCB *et al* writes, “States that provide for automatic enrollment have realized significant increases in telephone penetration (USCCB *et al* at 16).” Indeed, New York’s enrollment increased 19% and Nevada’s almost 12% after implementing automatic enrollment for just one year. Many other states are just beginning to offer automatic enrollment and should see similar results.

According to the National Consumer Law Center (“NCLC”), states with high Lifeline enrollment rates have one or more of the following characteristics: automatic enrollment, self-certification, and aggressive outreach. (NCLC at 4) For example, New York, with automatic enrollment, has a 52.8% Lifeline penetration rate based on the percent of LIHEAP eligible households enrolled in Lifeline. An important feature of New York’s program is that it has devised a way to share the database of Lifeline-eligible consumers with Verizon while maintaining client confidentiality – a critical requirement for state human services agencies. (Civil Rights Forum at 3).

Should the Joint Board recommend automatic enrollment, it would be helpful to provide “how-to” information from states that have overcome the administrative issues, including client confidentiality. The FCC could provide such information on its website.

III. SELF-CERTIFICATION

Self-certification of eligibility is another important means of increasing Lifeline subscribership. It eliminates both another administrative cost and burden, as well as a barrier to consumer participation. With a self-certification process customers attest to their eligibility under penalty of perjury and agree to permit spot audits for verification at any time.

The customary objection to self-certification is the potential for fraud – those who are not eligible will receive the benefits fraudulently, particularly if the only deterrent is signing under penalty of perjury. However, not only is there a lack of evidence to substantiate such concerns, but as the California Public Utilities Commission (“CPUC”) pointed out, the costs of verifying eligibility are much greater than the potential losses due to fraud and abuse (CPUC at 7). Similarly, the Public Utility Commission of Texas (“Texas PUC”) reports that “...there have been no evidence or allegations regarding percentage of fraud that occurs in these programs (Texas PUC at 7)” as a result of self-certification. While there are certainly some Lifeline recipients inappropriately receiving aid, the number is small compared to the number of people who benefit from the simplicity of self-certification.

A relatively easy way to confirm eligibility is spot audits. Informing recipients that their records are subject to audit also serves as a deterrent to fraud and provides additional incentive to accurately report eligibility information. California has implemented self-certification by allowing customers to verbally self-certify over the phone to begin service. Later, they are sent a form to confirm eligibility and agree to potential audit. If the form is not returned within 30 days, then the customer is removed from the Lifeline program (NCLC at 6).

Those states that have already adopted a self-certification process affirm its success and efficiency, and have experienced little or no problem with fraud. Carriers such as SBC and Gila River, and telecommunications consultants like Beacon support self-certification as the easiest way to enroll customers. Beacon comments:

While verification requirements might prevent fraudulent abuse of the programs, significant occurrences of such abuse have not come to the attention of our clients. We do not believe that it is appropriate for carriers, who typically are not in the position of administering social services programs, to be in a position of verifying the eligibility of participants in these programs (Beacon at 2).

In addition, states like Texas and California have seen dramatic increases in Lifeline enrollment due to self-certification.

IV. OUTREACH

The key to success in promoting the Lifeline program is to use multiple outreach channels. Simply sending out bill stuffers once a year will not get the job done. Different states have had success with varying methods including: directed mailings, flyers and posters, public service announcements via radio and television, informational meetings, telephone call centers, and even door-to-door advertising. Also, many states have made concerted efforts to reach non-English speaking populations who are often in the greatest need of public assistance. Bilingual flyers in Florida, and a multilingual call center in California have been particularly effective at reaching the target population of recent immigrants and other non-English speaking consumers.

Some commenters recommended outreach requirements or incentives for carriers to ensure at least a minimal outreach effort. Effective outreach requires cooperation between carriers, state social service agencies, and community organizations. Telephone companies may be able to notify customers who already have phone service, but they have little experience reaching low-income households that do not have a phone. Service organizations and community outreach programs are better equipped for that job. Phone companies do, however, have the resources, both financial and in-kind, to assist states in these outreach efforts. While carrier reporting requirements or outreach incentives may help in increasing Lifeline participation, additional outreach is needed to bring new customers onto the network. For this reason, some states have created consumer advisory boards to better target those not already on the network.

Again, the FCC can provide information on successful outreach efforts on its website to assist state in replicating these programs. Many successful approaches were described in the comments in this docket.

V. DEPOSIT AND DISCONNECTION POLICIES

Consumers without phone service are often those who have been disconnected for nonpayment and then are required by the local phone company to pay all the arrearages up front before service is restored. The disconnect notices often demand payment of all charges and do not clearly disclose what amount must be paid to avoid local service disconnection. These policies drive customers, many of whom are Lifeline-eligible, to

prepaid dialtone providers who charge them up to \$50 per month for basic phone service – about 10 times the Colorado Lifeline rate. (See also Florida Legal Services at 3, 4)

NASUCA cites studies that show the payment of arrearages is the largest impediment to subscribing to local phone service. (NASUCA at 32) Less draconian payment arrangements than pay-it-all-upfront, and separate local service only disconnect notices for Lifeline customers would help increase telephone subscribership.

VI. CONCLUSION

The Lifeline and Link-up programs play a critical role in maintaining universal telephone service. Establishing a federal minimum eligibility standard based on income, and consistent with or the same as LIHEAP eligibility, would enhance the program and increase the number of those eligible and participating. Automatic enrollment, self-certification and aggressive outreach as well as providing information to states on best practices and successful programs would improve the effectiveness of the Lifeline and Link-up programs.

Respectfully submitted,

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